

REPORT

DATE: December 1, 2005
TO: Regional council, Administration Committee
FROM: Heather Copp, CFO (213) 236-1804 copp@scag.ca.gov
SUBJECT: Authorize payment from General Fund to conclude HDR matter

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION: Authorize payment of \$62,017 from general fund to conclude HDR matter.

SUMMARY: This payment, from funds budgeted for this purpose in the general fund, will end a disagreement with Caltrans regarding a contract awarded in 1996.

BACKGROUND: In 2003 Caltrans disallowed payments made to a contractor (HDR) for a study performed on behalf on RCTC and SANABG. The amount disallowed was \$947,793. SCAG disputed the Caltrans decision and has been negotiating with Caltrans and the federal Department of Transportation for positive resolution of the issue.

Ultimately, SCAG was successful in obtaining a federal appropriation to resolve the issue. This appropriation will be transferred to the state for a transportation project, effectively repaying the state the amount of the disputed disallowance.

However, when such funds are distributed, a small amount is taken 'off the top' to pay for non-project costs. In addition, the state is due interest for the period of time since the disallowed funds were spent. SCAG and Caltrans have collaborated on, and agreed to, the calculation of these two factors. The calculation requires SCAG to pay the state \$62,017. Once paid, this will bring an end to this matter.

FISCAL IMPACT: The approval of this item will require a payment from the General Fund. However, funds were budgeted for this purpose in the current year's General Fund budget under 'Contributions to Projects'.

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